

Global Markets Research

Fixed Income

Fixed Income Daily Market Snapshot

US Treasuries

- US Treasuries got a lift in late US session overnight spurred by safety bids following selloffs in equities. However, UST yields all still ended the day higher by 1-2bps as advances were pared towards the close. Benchmark 2Y yields added 2bps to 2.31% while the 10s inched 1bp up to 2.86%. We expect markets to remain in cautious mode as it awaits upcoming FOMC rhetoric and policy guidance. There are also no US data in the pipeline to influence movement in the yield levels tonight.

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	2.31	2
5-yr UST	2.66	1
10-yr UST	2.86	1
30-yr UST	3.09	1

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.40	1	3.59	0
5-yr	3.55	1	3.84	1
7-yr	3.85	3	4.01	1
10-yr	3.95	1	4.17	0
15-yr	4.42	1	4.55	0
20-yr	4.54	0	4.78	0
30-yr	4.78	0	4.93	2

*Market indicative

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.75	0
3-yr	3.81	0
5-yr	3.87	1
7-yr	3.98	0
10-yr	4.10	0

Source : Bloomberg

MGS/GII

- Trading in local govies turned softer as expected with RM1.09bn changed hands yesterday, compared to RM2.60bn on Friday. Yields were generally 1-3bps higher across both the MGS and GII curves. Contrary to the norms where deals done in MGS outweighed GII, we saw GII took up the bulk of the trading volume at RM718m (66%) yesterday. Interests continued to center on the front end of the curve, led by GII 3/21 which saw RM339m dealt 2bps inner at 3.78%. In the MGS space, 7Y benchmark MGS 3/25 was the most heavily traded, at RM130m, with yields closed 2bps higher at 3.854%. We continue to expect trading sentiments to stay cautious ahead of FOMC meeting this week.

Corp Bonds/Sukuk

- Secondary market volume for Corporate Bonds pulled back further to a tepid RM80m yesterday, down sharply from RM687m on Friday. Trading interests were seen concentrated on the AAA to AA-rated space. Telekom 9/27 topped trading volume with RM30m changed hands, last dealt at 4.589%. This was followed by Bumitama 3/19 (RM25m) which traded 1bps inner at 4.458%. Banking papers also made it to the list but trading was done at very low volumes. We expect trading interests to remain soft ahead of this week's policy outcome and policy guidance from the Fed.

Upcoming Government Bond Tenders

Daily Trades : Government Bonds

Securities	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS 09/18	3.093	16	3.090	16/03/2018	0
MGS 03/19	3.136	2	3.134	16/03/2018	0
MGS 10/19	3.268	1	3.268	16/03/2018	0
MGS 10/20	3.384	44	3.364	16/03/2018	2
MGS 02/21	3.404	0	3.393	16/03/2018	1
MGS 07/21	3.430	10	3.433	16/03/2018	0
MGS 09/21	3.533	4	3.534	16/03/2018	0
MGS 11/21	3.430	10	3.423	16/03/2018	1
MGS 03/22	3.550	14	3.536	16/03/2018	1
MGS 03/23	3.757	0	3.759	16/03/2018	0
MGS 07/24	3.892	3	3.880	16/03/2018	1
MGS 09/24	3.884	24	3.884	16/03/2018	0
MGS 03/25	3.854	130	3.833	16/03/2018	2
MGS 09/25	3.958	0	3.971	16/03/2018	-1
MGS 04/26	4.004	1	4.048	16/03/2018	-4
MGS 11/26	4.030	25	4.023	13/03/2018	1
MGS 11/27	3.946	41	3.936	16/03/2018	1
MGS 09/28	4.100	2	4.261	14/03/2018	-16
MGS 04/30	4.337	5	4.331	16/03/2018	1
MGS 04/33	4.421	17	4.411	16/03/2018	1
MGS 05/35	4.584	20	4.519	16/03/2018	6
MGS 04/37	4.541	0	4.545	16/03/2018	0
MGS 09/43	4.772	1	4.789	15/03/2018	-2
GII 05/18	3.204	57	3.173	13/03/2018	3
GII 08/20	3.643	18	3.643	16/03/2018	0
GII 03/21	3.783	339	3.801	15/03/2018	-2
GII 04/22	3.840	20	3.889	16/03/2018	-5
GII 08/25	4.002	20	4.006	16/03/2018	0
GII 07/27	4.166	50	4.160	16/03/2018	1
GII 06/33	4.545	80	4.545	15/03/2018	0
GII 08/33	4.627	4	4.631	15/03/2018	0
GII 10/35	4.752	100	4.788	12/03/2018	-4
GII 05/47	4.927	30	4.911	15/03/2018	2
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Daily Trades: Corp Bonds / Sukuk

Securities	Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
MKD Kencana Sdn Berhad	02/23	GG	4.239	10	-	-	69
Projek Lebuhraya Usahasama Berhad	01/19	AAA	4.049	5	4.079	09/03/2018	89
Telekom Malaysia Berhad	09/27	AAA	4.589	30	4.619	15/03/2018	65
Malayan Banking Berhad	01/24	AA1	3.821	0	4.975	08/03/2018	6
Bumitama Agri Ltd	03/19	AA3	4.458	25	4.467	09/03/2018	130
RHB Bank Berhad	07/24	AA3	4.496	0	4.949	09/02/2018	74
RHB Investment Bank Berhad	04/25	AA3	4.682	1	4.601	02/03/2018	84
Gamuda Berhad	03/23	AA3	4.739	5	4.742	03/16/2018	-
CIMB Group Holdings Berhad	05/16	A1	4.993	2	5.249	16/03/2018	45
Alliance Bank Malaysia Berhad	10/25	A2	4.748	1	4.706	15/03/2018	85
Mah Sing Group Berhad	03/15	-	6.171	1	6.288	03/16/2018	-
			<u>80</u>				

*spread against nearest indicative tenured MGS (Source : BPAM)

Market/Corporate News: What's Brewing

The Finance Ministry has tabled the Supplementary Supply (2017) Bill 2018, requesting over RM7bil to cover expenses. The Supplementary Supply Bill, tabled by Second Finance Minister Datuk Seri Johari Abdul Ghani, requested a total of RM7,122,833,728 from the Consolidated Fund for additional expenditure on services and expenses. This is on top of the country's 2017 budget of RM 260.8bil tabled by Prime Minister Datuk Seri Najib Tun Razak, who is also the Finance Minister. According to the Bill, the Government is seeking the additional budget for various ministries. It also includes contributions to Statutory Funds and the Public Services Department. Among the largest sum sought is for the Contribution to Statutory Funds amounting to RM2,710,809,316. Also seeking additional funds are the Education Ministry (RM891.1mil), Home Ministry (RM804.2mil), Agriculture and Agro-based Industry Ministry (RM685.5mil) and Health Ministry (RM479.1mil). (Source: The Star)

Malaysia is among the fastest-growing exporters selling into China's Tmall Global, a cross-border business-to-consumer (B2C) retail platform of Alibaba Group's Tmall.com. The recently released 2017 Tmall Global Annual Consumers Report showed that Malaysia was the seventh fastest-growing exporter in Tmall Global after niche countries such as Greece, Chile, Poland, Hungary, Spain, Brazil, Austria, Israel, and Denmark, measured by year-on-year growth. "The most popular Malaysian product categories are food products, coffee, and mother and baby products such as strollers and prams," it said in a statement today. Niche countries are countries whose sales on Tmall Global accounted for at least 0.02% of total sales on the online platform. Meanwhile, the report said that Tmall Global maintained its position as the largest B2C e-commerce platform for imported products in China, with a market share of 27.6 per cent in the fourth quarter of 2017. "There is still significant untapped potential in this sector, with the report estimating annual growth of 20 per cent in transaction volume and a market scale of 620 billion yuan (RM381.30bil) by 2019," it added. The report was jointly published by Tmall Global, and CBNDData, a big data research and analysis provider. (Source: The Star Online/ Bernama)

Oil giant Saudi Aramco is looking to buy a majority stake in a proposed refinery and petrochemical complex valued at 3 trillion rupees (\$46.10 billion) in the western Indian state of Maharashtra, local daily Economic Times reported, citing people familiar with the matter. This comes as Saudi Arabia, the world's biggest oil exporter, is trying to beat out Iraq to become the biggest crude supplier to India, the world's third-largest oil importer. The state-owned Saudi oil company is also in talks with Indian state-run refiners for marketing rights over the fuel and petrochemicals produced at the complex along with an assurance that the refinery would mostly use Saudi oil, the newspaper added. Indian Oil Corp Ltd owns 50 percent of the complex, while Bharat Petroleum Corp Ltd and Hindustan Petroleum Corp Ltd have the rest. Saudi Aramco was not immediately available for comment. The refinery is expected to have a more than 300,000 barrels per day throughput capacity and to be commissioned by 2022, feeding a country that is among the biggest drivers of energy demand in the world. Saudi Arabia is planning to list up to 5 percent of Saudi Aramco in an initial public offering that could value the company at up to \$2 trillion, making it the world's biggest oil company by market capitalization. (Source: The Star Online)

Rating Actions			
Issuer	PDS Description	Rating/Outlook	Action
Nil	Nil	Nil	Nil

Source: RAM Ratings; MARC

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets
Level 8, Menara Hong Leong
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: 603-2081 1221
Fax: 603-2081 8936
Email: HLMarkets@hlbb.com.my

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